



## ***AOT in Action***

Welcome to AOT in Action, your weekly e-newsletter from the Arizona Office of Tourism (AOT).

### **A Message from Director Sherry Henry:**

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Good afternoon,

Our target cities advertising campaign [Arizodiac](#) is wrapping up and we have seen great results from the effort.

Designed to complement AOT's national campaign, [Arizodiac](#) was a traveler's interactive guide to discovering Arizona destinations and activities unique to their traveling personalities. The [Arizodiac](#) comprised of 12 Arizona-related animals. Travelers chose the animal sign which best represented their personal traveling characteristics and learned more about how to experience Arizona as a vacation destination. The campaign ran for two months in Chicago, Denver and Minneapolis and was well received with our target audience.

Initial results include:

- Unique Visits – 67,243
- Pageviews – 100,921
- Top Markets: Chicago, Denver and Minneapolis
- Top Pages: Desert Tortoise (representing historic places), Gecko (cultural tourist) and Mountain Lion (sports-related travel interest)

Have a great week,

Sherry Henry  
Director, Arizona Office of Tourism

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### **AOT News**

**Reach the Mexico Market at AOT's Mission to Mexico City and Guadalajara**

The Arizona Office of Tourism is pleased to invite Arizona tourism suppliers to participate in a sales mission to Mexico during the week of April 22-26, 2013. The sales mission will target tour operators, travel agents and media during luncheon seminars in Mexico City and Guadalajara. Travel trade and media calls will also be scheduled in each city. Registration is \$1000, all other expenses are extra. The deadline for participation is **Friday, March 22, 2013**. For more information please contact Jennifer Sutcliffe at [jsutcliffe@azot.gov](mailto:jsutcliffe@azot.gov) or 602-364-3693 or Kristin Swanson at [kswanson@azot.gov](mailto:kswanson@azot.gov) or 602-364-3696.

### **AOT's France Media Mission a Success!**

AOT hosted the France Media Mission February 25-28. AOT met with a total of 28 writers and editors representing various French publications including *Le Monde* (daily national newspaper), *A/R Magazine* (a monthly consumer travel magazine), *Guides du Routard* (French travel guides) and *voyagerluxe.com* (a luxury travel website). Joining AOT on the mission was celebrated Navajo Chef Freddie Bitsoie and Robert Carlson of the Arizona Wine Growers Association. For more information, please contact Mary Rittmann at 602-364-3730 or via email at [mrtrittmann@azot.gov](mailto:mrtrittmann@azot.gov).

### **Journalists Experienced Arizona's Unique Attractions through AOT Media Tour**

AOT just wrapped up the ***Amazing Gazing: Arizona from Above and Below Media Tour*** last week. Seven journalists (two from Mexico, two from UK, two from Germany and one Canadian) traveled through Safford, Bisbee, Sierra Vista, Tucson and Tempe following an itinerary highlighting many of southeastern Arizona's unique tourist destinations such as the observatories, the Steward Observatory Mirror Lab in Tucson, Kartchner Caverns and the Queen Mine Tour in Bisbee. For more information, please contact Mary Rittmann at 602-364-3730 or via email at [mrtrittmann@azot.gov](mailto:mrtrittmann@azot.gov).

### **AOT Host Ingredients of Arizona AAA/CAA FAM Tour**

AOT escorted the ***Ingredients of Arizona*** familiarization tour March 6-10. In attendance were seven CAA travel agents from Canada and one AAA travel agent from Wisconsin. The FAM tour focused on the culinary and agricultural adventures found throughout the southern and western regions of Arizona. The group visited attractions including the Tubac Golf Resort & Spa and Stables Ranch Grille, the Green Valley Pecan Farm, Tohono Chul Park and the Garden Bistro, the Native Seeds Conservation Center, Epazote Kitchen at the Hilton Tucson El Conquistador Golf and Tennis Resort, the Westward Look Resort, the Biosphere Two, and Yuma for the Yuma Lettuce Days Festival. The group finished the tour with a dinner at Lute's Casino, a local and historic favorite in downtown Yuma. Thank you to all of the communities whom supported this FAM Tour. For more information please contact Kristin Swanson at 602-364-3696 or via email at [kswanson@azot.gov](mailto:kswanson@azot.gov).

### **AOT Now Accepting Nominations for the 2013 Governor's Tourism Awards!**

The Arizona Office of Tourism and industry partners are busy coordinating plans for the 2013 Governor's Conference on Tourism, July 10-12, at the JW Marriott Starr Pass Resort & Spa in Tucson. This conference is the premier event for members of the travel industry to participate in informative work sessions and listen to industry-related guest speakers.

In addition to the conference, AOT coordinates the Governor's Tourism Awards, honoring individuals and organizations that have contributed noteworthy achievements over the past

year to the betterment of the tourism industry. These award recipients are excellent examples of leadership, commitment and teamwork that make the Grand Canyon State a premier travel destination.

AOT invites you to review the 2013 award categories and guidelines and submit nominations of individuals or organizations that have made a significant contribution to the tourism industry. The winners will be awarded at the Governor's Tourism Awards Dinner Gala on Thursday, July 11. All submissions must be received by 5:00 p.m. on **Tuesday, April 30, 2013**. Look for future editions of ***AOT in Action*** for Governor's Conference on Tourism registration information!

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## Upcoming Events & Activities

### [Mexico Sales and Media Mission](#)

**Date:** April 22 - 26

**Location:** Mexico City and Guadalajara, Mexico

### [UK Media Mission](#)

**Date:** May 20 – 24

**Location:** Dublin, Ireland and London, England

### [US Travel Association's International Pow Wow](#)

**Date:** June 8-12

**Location:** Las Vegas, NV

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## Industry News

### **ASTA Reports Rise in International Travel Sales, Drop in Domestic Sales**

The American Society of Travel Agents (ASTA) said the percentage of travel agency sales related to international travel continues to increase, while the percentage of domestic sales wanes. The organization's member agencies reported that 60 percent of their sales are derived from international travel, according to the recently released 2013 ASTA Agency Profile. This represents a 49 percent increase in international sales compared to 2004, when international travel represented 40 percent of sales for ASTA agencies.

"As travel distribution has changed, many travel agencies have found that consumers and business clients tend to use online resources for simpler domestic travel," said ASTA CEO Zane Kerby.

The trend towards international travel sales is complemented by the growth of tour sales, which are more likely to be international, according to ASTA. The profile found that tour and group

sales as a percentage share represents 31 percent of total sales, on average. The percentage for leisure agencies only is even larger, at 35 percent.

Among the other data revealed in the report: The average ASTA agency was established in 1987. The oldest agency in the survey was established in 1900, and the newest was established in 2012. Sixty-nine percent of ASTA agencies have employees and/or independent contractors. The remaining 31 percent are one-person agencies or independent agents.

On average, 22 percent of full-time agency employees telecommute and 26 percent work part-time. Between 2002 and 2013, the percentage share of air sales dropped 30 percent for all agencies. When looking only at corporate agencies, air remains a large share of sales, at 60 percent. Half of business communications with clients is conducted by phone. A fifth of business communications is done face-to-face. The largest percentage of agencies (36 percent) is in a retail location with multiple employees. An additional 7 percent have a one-person retail location. ASTA agencies report that leisure products account for an average of 81 percent of total sales, and corporate sales account for the remaining 19 percent. (*Travel Pulse, March 5*)

### **IATA Reports Global Air Passenger Demand Rose 2.7 Percent in January**

The International Air Transport Association (IATA) released global air travel demand statistics for January showing a continuation of the rise in passenger travel that began at the end of 2012. Demand overall was up 2.7 percent compared to the same month last year, which is slightly ahead of the 2.2 percent expansion in capacity. Load factors stood at 77.1 percent.

At the same time, IATA said strong demand for air travel driven by the Chinese New Year distorted the January figures. Chinese New Year fell in January 2012 and in February this year. The comparisons to such a strong month made January 2013 demand look weaker than the underlying trend would indicate. After adjusting for such seasonal factors, IATA estimates that the actual growth would have been higher -- at 3.5 percent -- though IATA also pointed out such growth is still lower than the 5.3 percent average growth in 2012. Nevertheless, air travel growth slowed sharply through the year and the results of the past few months represent an acceleration of demand growth.

"Passenger travel is growing in line with business confidence levels," said Tony Tyler, IATA's director general and CEO. "Recent months have seen some positive economic signs emerge in both the U.S. and China, and the Eurozone crisis seems to have stabilized. Of course risks remain: the impact of U.S. budget cuts has yet to play out and fuel prices are high. But even with those headwinds -- real and potential -- we still see underlying support for continued and potentially even strengthened growth."

International markets outperformed the global industry average in January with a 3.7 percent increase in demand against a 2.7 percent capacity expansion. This led to load factors of 77.6 percent. Asia-Pacific airlines captured over half of the growth in demand between October and January. The year-on-year growth rate in January (0.1 percent) was distorted by the timing of the Chinese New Year. After adjusting for seasonal factors, January saw demand growth in the region of 3 percent for Asia-Pacific airlines compared to a year ago. Load factors for the region's airlines stood at 77.8 percent.

Middle East airlines posted the strongest growth rates for January with a 14.3 percent increase in demand. This was nearly evenly matched by a 14.4 percent growth in capacity and load factors for the region were above the global average at 78.6 percent. IATA said the region's carriers have successfully tapped into demand from emerging markets with the strength of their network structures and efficient hubs.

African airlines posted 9.4 percent growth, ahead of a 5.8 percent capacity expansion. Despite this, the region's airlines recorded the weakest load factors at 67.9 percent. Economic growth rates in many African nations are strong -- particularly those in resource-rich West Africa. This is providing the demand for a sustained market expansion.

Latin American airlines posted the second highest growth in demand at 12.2 percent. This was outpaced by capacity growth of 13.7 percent. Load factors stood at 79 percent, exceeded only by North American airlines. Expanding economies, particularly those of Bolivia, Chile, Colombia and Peru, where reduced unemployment has boosted consumer demand, is fueling the regions' growth.

North American carriers reported a 1.5 percent expansion in demand even as capacity was trimmed by 0.8 percent when compared to year-ago levels. Demand is strong on the back of improved economic performance in the U.S. And airlines are tightly managing capacity. The region's airlines posted the highest load factor at 79.4 percent.

European airlines were among the weaker performers, with 2.1 percent demand growth on 0.4 percent capacity expansion. Load factors stood at 77.1 percent, which was below the global average. While demand was up compared to the same period a year ago, the region's airlines have posted no growth in international markets since October. When compared to December levels, there was a 0.3 percent decline in demand. The Eurozone crisis may have stabilized, but the region's economies are not growing and its airlines remained burdened by high taxes, onerous regulations and infrastructure constraints.

Domestic air travel expanded by 1.1 percent, slightly behind a capacity expansion of 1.4 percent. Load factors were 76.4 percent, but after seasonal adjustment, the load factor reached a record high, exceeding 80 percent. China is the second largest market for domestic air travel and was the most skewed by the shift in Chinese New Year from January in 2012 to February this year. Adjusting for this, IATA estimates that domestic market demand expanded by about 5 percent compared to the year-ago period.

Chinese domestic travel was up just 0.1 percent on previous-year levels. Performance appears weak owing to the shift in Chinese New Year. After adjusting for seasonal factors, IATA estimates that the actual expansion in demand was about 5 percent. The load factor was 77.4 percent, slightly better than the global average.

Japan saw a 3 percent decline in domestic travel, matched by a 2.9 percent decline in capacity. The Japanese domestic market is still 12 percent below pre-tsunami and earthquake levels. A combination of factors has negatively impacted domestic travel in Japan. These include a gradual weakening of its export-led economy and the impact of the strong yen, which has made international travel options more competitive. Domestic load factors were weak at 56.4 percent.

Brazil's domestic market demand contracted by 3.7 percent in January compared to the previous year. IATA said high income growth and low unemployment are proving to be a stimulus to domestic demand. But this is being compromised by slower-than-expected economic growth, high costs and infrastructure constraints. In response, airlines have cut capacity by 9.1 percent compared to January 2012.

India's domestic market recorded a 4.9 percent decline in demand and 5.3 percent capacity reduction. Load factors stood at 75.9 percent. One of the major domestic airline players (Kingfisher) has effectively exited the market, economic growth is weak, infrastructure costs are rising and the impact of high fuel prices is being exaggerated by excessive taxation, particularly at the state level.

Domestic demand for air travel in the U.S. was up 3.2 percent compared with the same period a year ago, and ahead of a 2.4 percent capacity expansion. Load factors were the highest at 78.8 percent. The extent to which U.S. budget cuts could impact the domestic aviation market remains to be seen. Global attention is now focused on the U.S. as the industry works to understand the economic impact of mandated budget cuts. IATA said for millions of travelers and the aviation industry, the concerns go deeper. There are threats of reduced availability of government-provided services for airport security, border control and air traffic management.

"That the connectivity of the world's largest economy is being held captive to politics is not acceptable," said Tyler. "Airlines pay for air traffic management services through fees and taxes that average 20 percent of the cost of a typical domestic air ticket. Clearly there are some difficult budget decisions for the U.S. government to make. But compromising connectivity -- which supports 9.3 million jobs and \$669.5 billion in economic activity in the U.S. -- is not the right choice." (*Travel Pulse, March 5*)

### **TripAdvisor Says Traveler Spending, Hotel Profitability to Rise in 2013**

Traveler spending and hotel profitability in the U.S. are expected to rise in 2013, according to the just-released TripBarometer by TripAdvisor, a biannual trend study of more than 35,000 travelers and accommodations from around the world.

Forty-two percent of U.S. travelers are planning to increase travel spending this year, and 79 percent of U.S. hoteliers are optimistic about increased profit this year, leading the world average of 68 percent. Throughout North America, 82 percent of respondents said they are optimistic about business profitability in 2013. Those numbers were 77 percent in South America, 72 percent in Asia, 71 percent in Africa, 71 percent in the Middle East, 65 percent in Australasia, and 54 percent in Europe

In addition, 56 percent of U.S. accommodations plan to increase their room rates in the next three months, making them the most bullish about rate hikes of all countries polled. Those numbers were 48 percent in South America, 43 percent in North America, 42 percent in Asia, 41 percent in Africa, 39 percent in the Middle East, 36 percent in Australasia, 32 percent in Europe, and 40 percent globally.

Looking at hiring trends within the accommodation industry, 19 percent of U.S. hotels plan to add new jobs in 2013, which matches the global average.

When planning vacations, U.S. travelers in 2013 are looking for a beach (21 percent), culture (17 percent), and adventure (15 percent). U.S. travelers most often travel with a significant other (60 percent), followed by flying solo (17 percent) and with kids (15 percent). For a long trip, 80 percent of U.S. travelers begin planning their vacation two or more months ahead of time. For a short excursion, 77 percent plan their trip within a month of departure.

Globally, travelers look at an average of seven properties before booking an accommodation, with 55 percent of U.S. travelers considering one to five options and 26 percent considering six to 10 options. The top three decision-making factors for global travelers are price (76 percent), location (68 percent) and online reviews (44 percent). U.S. travelers agree.

What deals will motivate U.S. travelers to book in 2013? Room discounts (79 percent), a free night's stay with booking (51 percent) and free Wi-Fi (45 percent).

The TripBarometer reveals that travel review websites surpass feedback from family and friends as the "most useful" sources of information when researching and planning a trip, with 49 percent of respondents indicating this option. Among the other top sources of information are web-based travel agencies (19 percent), travel operator websites (14 percent), friends and family (9 percent), social media (3 percent), travel magazines and brochures (2 percent) and store-front travel agencies (1 percent)

In the U.S., the majority of travelers are booking via accommodations' websites (32 percent), closely followed by web-based travel agencies (28 percent). Business owners report their own websites as the channels that generate the most bookings (50 percent), followed by the telephone (22 percent).

According to the TripBarometer, 62 percent of U.S. travelers believe it is beneficial for properties to allow them to book an accommodation via a mobile device. Similarly, 78 percent of accommodations think it is important to allow guests to book their property on a mobile device. However, only 37 percent of U.S. business respondents currently engage with guests via mobile devices. Of those that do engage with travelers via mobile, 69 percent allow guests to book rooms on mobile devices. For the full report, click on [TripAdvisor Trip Barometer](#). (*Travel Pulse, March 6*)

### **MMGY Reports U.S. Traveler Sentiment Rises Above Pre-Recession High**

U.S. travelers finally seem to have emerged from the gloom and doom of the recession, according the February travelhorizons survey of 2,300 active travelers conducted by marketing services firm MMGY Global. Indeed, according to the survey, Americans' attitudes towards travel are now more positive than the benchmark score recorded just prior to the Great Recession, which bodes well for the continued growth of the travel industry during the summer travel season.

The Traveler Sentiment Index (TSI), which has been tracked every calendar quarter since March 2007, is a derivative of six factors that measure Americans' attitudes towards travel and serves as a predictor of travel behavior during the coming six months. While the overall TSI has been declining since last April, February marked the first time the TSI surpassed the benchmark score of 100 established in pre-recession March 2007.

All six components of the TSI revealed gains in February 2013, with the overall index increasing 10 points in February 2013 (100.8) compared to October 2012 (90.4). The perceived “affordability of travel” powered the score forward, having grown from 102.6 in October 2012 to 114.5 in February 2013. The six TSI factors include interest in travel, time for travel, personal finances available for travel, affordability of travel, quality of travel services and safety of travel.

An estimated 57 percent of all U.S. adults, or 136 million people, plan to take at least one leisure trip during the next six months. The February report revealed a significant improvement in their sentiment across the board. Among the 27 financial factors that influence demand for leisure travel services, 25 either declined or remained unchanged from February 2012. Half (51 percent) of all respondents cited high gasoline prices as the top financial factor influencing their future travel plans, an eight-point decline from the level recorded in February 2012 (59 percent). Several other important financial factors also declined including the price of air travel, the meltdown of U.S. economy, high level of personal debt, declining value of the dollar, and the expectation of job loss or making less money.

The survey also tracks changes in customer satisfaction with the services provided by four category suppliers: airlines, lodging companies, rental car companies and cruise lines. Satisfaction with rental car companies (116.1), airlines (95.5) and lodging companies (110.1) all reached record highs according to the February survey, with the rental car industry enjoying the highest satisfaction score ever measured since these questions were added to the survey in April 2011.

Business travel intentions also recorded a five-point jump in February, with fully 20 percent of all respondents intending to take at least one overnight business trip during the next six months -- up from 15 percent in February 2012, and seven points from the 13 percent incidence first recorded in February 2009. MMGY said this increase may signal the beginning of a robust recovery of demand for business travel services, barring any unforeseen disruption of the continued recovery of the U.S. economy. (*Travel Pulse, March 7*)

### **U.S. Travel Reports Slower Travel Job Growth, Higher Exports in February**

The U.S. Travel Association said travel industry jobs continued to expand in February and has now added jobs in 10 of the past 12 months. Direct travel employment, now at 7.7 million, stands at its highest level since September 2008. Overall the U.S. Department of Labor on March 8 announced that the U.S. economy added 236,000 jobs in February, and the unemployment rate is now at 7.7 percent.

On the other hand, after adding an average of 8,000 workers per month in 2012, travel industry employment growth has slowed in 2013, with the 1,000 jobs added in February closely mirroring a similarly modest gain of 3,000 in January. “To some degree, the travel industry has been impacted by the short-term effects stemming from social security taxes being returned to their historic rates, which depressed disposable income growth early this year,” said David Huether, senior vice president of research and economics at the U.S. Travel Association.

Huether added that more concerning is the potential negative impact on travelers to and within the United States from automatic budget cutbacks on March 1, also known as the sequester. “Despite these challenges, the travel industry has been a consistent leader in the economy recovery to date. Since the recovery began in early 2010, the travel industry has created

employment opportunities at a nine percent faster pace than the rest of the economy, added nearly 351,000 jobs and made up three-quarters of the jobs lost during the recession compared to two-thirds for the rest of the economy."

In addition, even as the U.S. Department of Commerce said the U.S. trade deficit widened in January, the travel industry generated a trade surplus of \$4.6 billion in January, which was up 39 percent from a year earlier. The reason, according to the U.S. Travel Association, is that while travel imports -- spending by Americans on international travel -- have edged up just 1 percent since January 2012, travel exports -- spending by international travelers to and within the U.S. -- have increased 10.5 percent, which is more than three times faster than the 3.3 percent rise in total U.S. exports during this time.

"This faster export growth underscores the increasing importance of travel to our economy, with travel exports accounting for nearly a quarter (23 percent) of the rise in total U.S. exports over the past 12 months ending January 2013," Huether said. "The travel industry now comprises nearly 8 percent of total U.S. exports, up from 7 percent just two years ago. Going forward, enacting policies that boost international visitation to the U.S., such as expanding the Visa Waiver Program and improving international traveler facilitation at U.S. ports of entry, will help the travel industry be a continuing source of economic growth and job creation for our country." (*Travel Pulse*, March 10)

### **Brand USA to Launch New Consumer Marketing Campaign in Germany**

Brand USA, the year-old tourism marketing organization for the United States, will launch its international travel and tourism campaign in Germany beginning in November. The fully integrated campaign -- comprised of TV, digital, out-of-home, and print advertising -- will showcase the diversity of experiences available in the United States and invite consumers in Germany to "discover this land, like never before."

Initially the campaign will run for two months during a peak travel planning period in Germany from mid-November 2013 through mid-January 2014. In addition, Brand USA will extend the campaign in Germany through strategic partnerships with the travel trade industry.

"We want to spread America's message of welcome around the world and invite travelers to experience the limitless possibilities the United States has to offer," said Christopher Thompson, president and CEO of Brand USA, who announced the campaign at ITB Berlin, the travel trade show held each March in Berlin. The event attracts more than 170,000 visitors including 113,000 representatives from all sectors of the travel trade -- tour operators, booking engines, destinations, airlines, hotels, and car rental companies -- and 11,000 represented organizations from 180 countries.

Rosanne Cash, Grammy award-winning singer and songwriter, and daughter of American music legend Johnny Cash, composed an original song, "Land of Dreams," to serve as the theme of the campaign's TV advertisements. The advertisements feature Cash playing the song under New York's Brooklyn Bridge accompanied by musicians from around the world, as well as featuring many usual and unusual attractions and experiences from across the USA.

The inaugural wave of Brand USA advertising launched on May, 1 2012 in the United Kingdom, Japan and Canada, and lasted for three months resulting in a significant increase in intent to

travel to the United States of America from those markets (12 percent in Canada, 14 percent in the United Kingdom, and 14 percent in Japan).

Brand USA said its objective is to rekindle the world's love affair with America -- reclaiming the USA's share of the international market by positioning the country as a diverse destination to be discovered again and again. Through its consumer call to action, DiscoverAmerica.com, Brand USA encourages travelers to explore the United States. (*Travel Pulse, March 10*)

### **Drivers have Options to avoid US 89 Closure South of Page**

While US 89 is expected to remain closed indefinitely due to last Wednesday's landslide 25 miles south of Page, motorists should consider their options and allow extra travel time if they are traveling between Flagstaff and Lake Powell or into Arizona from southern Utah via Page, according to the Arizona Department of Transportation.

Alternate routes include traveling east for 50 miles on US 160 to State Route 98 and northwest on SR 98 for 65 miles to Page. The detour adds an additional 45 miles over the direct route. Motorists also have the option to take northbound US 89A through Marble Canyon toward Fredonia to reconnect to US 89 in southern Utah. On this scenic stretch, drivers may take a pit stop at the Marble Canyon-Navajo Bridge Rest Area. Motorists can reach Page using this route by traveling north to US 89 in Kanab, Utah and southbound on US 89. It's an additional 80 miles longer than the direct route. For the most up-to-date information, visit [www.azdot.gov](http://www.azdot.gov). (*Feb. 26*)

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### **Calendar of Events**

Visit [www.ArizonaGuide.com](http://www.ArizonaGuide.com) to find information on all the exciting [events, festivals and activities](#) held throughout the Grand Canyon State!

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